

DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Supporting Statement - Information Collection Request

OMB Control Number 1513-0040

TTB F 5110.25 Application for Operating Permit under 26 U.S.C. 5171(d)

A. JUSTIFICATION

1. What are the circumstances that make this collection of information necessary and what legal or administrative requirements necessitate the collection? Also include the following: Align the information collection to Treasury's Strategic Goals, Line of Business/Sub-function, and IT Investment, if one is used.

Changes in this supporting statement reflect changes to section numbers as recodified in the final rule for the revision of part 19 of the TTB regulations. (See TTB Notice No. 83 and T.D. TTB-92)

Distilled spirits plants (DSPs) are regulated under the provisions of two statutes; the Internal Revenue Code (IRC or 26 U.S.C.) as implemented by Title 27 CFR Part 19, and the Federal Alcohol Administration Act (FAA), as implemented by 27 CFR Parts 1,2, 3, 5, 6, 8, 10, and 11.

All persons who intend to engage in the business of (a) distilling spirits; (b) rectifying, blending, or bottling (processing); or (c) warehousing and bottling distilled spirits must file for a basic permit. The FAA basic permit is issued for beverage spirits, whereas the IRC operating permit, under 26 U.S.C. 5171(d), is issued for industrial (non-beverage) spirits.

The IRC, in order to regulate admission into the distilled spirits industry, requires that an operating permit be obtained before starting the production, warehousing, or bottling of alcohol for industrial use. An operating permit is the means for specifying the operations of a DSP. TTB F 5110.25 serves as an application for determining the qualifications of persons entering the industrial use field.

Additionally, persons who engage only in the business of warehousing bulk distilled spirits, for non-industrial use without bottling, are not required to obtain a basic permit under the FAA Act. However, they are required to obtain an operating permit under 26 U.S.C. 5171(d). Like a basic permit, only one operating permit is issued to a DSP. The permit specifies the operations authorized under the permit.

The regulations, that prescribe an application and supporting documentation be submitted before obtaining an operating permit, are found in the following:

27 CFR 19.91	27 CFR 19.126	27 CFR 19.133
27 CFR 19.92	27 CFR 19.128	27 CFR 19.134
27 CFR 19.93	27 CFR 19.129	27 CFR 19.135.
27 CFR 19.94	27 CFR 19.130	
27 CFR 19.95	27 CFR 19.131	
27 CFR 19.97	27 CFR 19.132	

This information collection is aligned with:

Treasury Strategic Goal: US & World Economies Perform at Full Performance Potential.

Line of Business/Sub-function: Law Enforcement/Substance Control.

IT Investment: Tax Major Application Systems.

2. How, by whom and for what purpose is this information used?

TTB F 5110.25 provides information concerning the name and principal business address of the applicant, plant address (if different from the business address), description of the operations to be conducted and a statement as to the type of business organization, and persons interested in the business operation.

As previously stated, the information provided on TTB F 5110.25 serves to determine the qualifications of persons entering the industrial use field. Collection of this information limits the possibility of persons engaging in the illicit manufacture and sale of non-taxpaid distilled spirits.

3. To what extent does this collection of information involve the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology? What consideration is given to use information technology to reduce burden?

This form is prescribed in regulations by statutory authority with information collected that is unique to each respondent, and applicable only to the needs of each respondent. TTB has approved and will continue to approve, on a case-by-case basis, the use of improved information technology.

4. What efforts are used to identify duplication? Why can't any similar information already available be used or modified for use for the purposes described in Item 2 above?

TTB F 5110.25 collects information that is pertinent to each respondent and applicable to the specific operations of each applicant. As far as we can determine, similar information is not available anywhere else.

5. If this collection of information impacts small businesses or other small entities, what methods are used to minimize burden?

All entities, regardless of size, are required by statute and by regulations to complete this form. This information collection cannot be waived simply because the respondent's business is small.

6. What consequences to Federal program or policy activities and what, if any, technical or legal obstacles to reducing burden will occur if this collection is not conducted or is conducted less frequently?

Respondents complete this information only as often as necessary to comply with the provisions of the statutes.

7. Are there any special circumstances associated with this information collection that would require it to be conducted in a manner inconsistent with OMB guidelines?

There are no special circumstances associated with this information collection.

8. What effort was made to notify the general public about this collection of information? Summarize the public comments that were received and describe the action taken by the agency in response to those comments.

A NPRM for the revision to part 19 was published on May 8, 2008 (73 FR 26200). In response to Notice No. 83, TTB received 7 comments. Six of the comments expressed strong support for the revisions to part 19 and commented on specific areas of agreement and recommendations for further changes. The comments were supportive of efforts to reduce burden of forms by allowing letterhead applications and notices where possible. No comments were opposed to changes that are affected by this information collection. As a result, a final rule (T.D. TTB-92, 76 FR 9080) was published to reflect the changes that were proposed in Notice No. 83. For this collection, several section numbers were changed.

A 60-day Federal Register notice was published to renew this information collection on Thursday, September 29, 2011, 76 FR 60601. The notice solicited comments from the general public. TTB received no comments.

9. What decision was made to provide any payment or gift to respondents, other than reenumeration of contractors or grantees?

No payment or gift is associated with this collection.

10. What assurance of confidentiality was provided to respondents and what was the basis for the assurance in statute, regulations, or agency policy?

26 U.S.C. 6103 and 5 U.S.C. 552 protect the confidentiality of the information collected.

11. What justification is there for questions of a sensitive nature?

We ask no questions of a sensitive nature.

12. What is the estimated hour burden of this collection of information?

The number of respondents, and the number of forms filed annually by each are based on historical data provided by TTB field personnel who process this form. TTB F 5110.25 is filed only by proprietors of new DSPs engaging in certain specific operations and by holders of operating permits who have had a change in control, name, address, or trade name. The establishment of new DSPs is a rare occurrence and not all new plants are required to obtain operating permits. Established plants tend to be relatively stable, experiencing few of the changes that would necessitate filing a new TTB F 5110.25. The supplemental information, required by the instructions on the form (supporting documentation), can always be incorporated by reference. For those reasons, TTB has determined that, the number of reports filed annually by the 80 respondents is one. It takes each respondent 15 minutes to complete this form. The total burden hours are 20.

13. What is the estimated total annual cost burden to respondents or recordkeepers resulting from this collection of information (excluding the value of the burden hours in Question 12 above)?

No cost is associated with this collection.

14. What is the annualized cost to the Federal Government?

There is no annualized cost to the Federal Government.

15. What is the reason for any program changes or adjustments?

No program changes or adjustments are associated with this collection. The revision is being made to incorporate final rule 27 CFR Parts 1, 17, 19, et al., *Revision of Distilled Spirits Plant Regulations* (February 16, 2011, at 75 FR 9080) with this information collection. The rule modernized requirement for operating distilled spirits plants and included a number of operational changes (renumbering) to improve the layout of the regulatory text. This submission is being made to renew the OMB clearance.

16. Outline plans for tabulation and publication for collections of information whose results will be published.

We will not publish the results of this collection.

17. If seeking approval to not display the expiration date for OMB approval of this information collection, what are the reasons that the display would be inappropriate?

We will display the expiration date of OMB approval for this collection.

18. What are the exceptions to the certification statement?

- (c) See item 5 above
- (f) This is not a recordkeeping requirement
- (i) No statistics are involved
- (j) See item 3 above

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.